

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

We hope you found our commentaries and ideas helpful. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2022”](#). Thank you for your time. Your support will mean a lot to us.

- *AMC space saw slightly rebound this morning with price up 0.5-2pts. Sellers in HY space calmed a bit CENCHIs still down 5-6pts on screen.*
- **SUNKWP:** *Exchange offer for SUNKWP 12.25% 07/21/22 and consent solicitation for SUNKWP 13.5% 01/02/23. No upfront cash at all with accrued interest to be capitalized and no consent fee. See below.*
- **HUIJHK:** *Exchange offer for HUIJHK 12.5% 07/21/22 which is anchored. No upfront cash but accrued interests to be paid in cash. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Chinese IG space was significantly weaker weighed down by AMC sector. In financials, spreads broadly widened 5-10bps under selling. All AMC names were sharply lower given the weak sentiment. GRWALL fell 1-6pts across the curve under the sell-off. GRWALL'25 was down to 85 level. HRINTH 4.25 Perp cash price plunged 10pts. CCAMCL Perp down 2-3pts. State-owned Bank AT1s were down 25-50c. SOE/TMT benchmark names widened 5-10bps on spread basis.

In LGFV/SOE Perp space, the tone was also weak, in line with broader China credits. Buying was skewed towards quality/high grade names and in the front end, and also in some better yielding names. Hence, we saw names in the middle (mid-4% but not highest quality) the toughest, echoing this '4%/5% barbell yield' phenomenon. Overall, price correction continued with bonds ~0.25-0.5pt lower on the day. SOE perps also saw heavier selling flow but to a lesser extent, thanks to the generally higher issuer quality than LGFVs.

Chinese HY space saw another hectic day on recent price actions. CIFIHG dropped 1-4pts across the curve on selling mainly from real-money accounts. Most of its trenches marked at 40s/50s. Among other names, CENCHI down 1-2pts. CHINSC/ROADKG down 3-5pts. In non-property space, FOSUNI down 3pts. Macau gaming slightly rebounded on some short covering. MGMCHI/WYNNMAC up 1.5-2pts.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

James Wen 温展俊
(852) 3757 6291
jameswen@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
WYNMAC 5 1/2 10/01/27	66.1	1.9	CIFIHG 5 3/8 PERP	55.6	-10.6
WYNMAC 4 7/8 10/01/24	74.9	1.9	HRINTH 4 1/4 PERP	75.8	-9.9
WYNMAC 5 1/2 10/01/27	66.2	1.9	CIFIHG 4.8 05/17/28	40.4	-7.2
JINKE 6.85 05/28/24	25.9	1.6	CIFIHG 4 3/8 04/12/27	40.1	-6.6
WYNMAC 4 7/8 10/01/24	74.4	1.6	KWGPRO 5.2 09/21/22	27.3	-6.5

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market closed higher on Thursday as investors move past a hawkish Fed minutes to focus on jobs data that could provide significant clues as to the true health of the domestic economy. The S&P (+1.50%), Nasdaq (+2.28%), and Dow (+1.12%) ended higher. The minutes from the Fed's June policy meeting suggested they were more concerned with entrenched inflation than economic growth. The bond market also reflected the Fed's hawkish stance on rates, with 2-year Treasury note yields trading at 3.03%. U.S. Treasury yields rebounded, with the 2/5/10/30 yield advancing to 3.03/3.05/3.01/3.14% respectively.

❖ Desk analyst comments 分析员市场观点

➤ **SUNKWP: Exchange and consent solicitation**

Sunkwan Properties announced par-par exchange offer for SUNKWP 12.25% 07/21/22 (o/s USD210mn) with no upfront and incentive fees. Company also launched the concurrent consent solicitation for SUNKWP 13.5% 01/02/23 (o/s USD160.2mn) to carve out cross-default trigger and amend the insolvency events of default.

Please see below for the key terms of exchange offer and consent solicitation.

EXCHANGE OFFER FOR SUNKWP 12.25% 07/21/22

INCENTIVE FEE	N/A
PRINCIPAL REPAYMENT	N/A
NEW NOTES	100pt
COUPON	12.25% (unchanged)
MATURITY	Jul'23 (364 days extension)
ACCRUED INTERESTS	Capitalized and payable in the form of new notes
MINIMUM ACCEPTANCE LEVEL	90%
DEADLINE	14 Jul'22 4pm London Time

CONCURRENT CONSENT SOLICITATION FOR SUNKWP 13.5% 01/02/23

CONSENT FEE	N/A
APPROVAL THRESHOLD	50%
DEADLINE	14 Jul'22 4pm London Time

➤ **HUIJHK: Exchange Offer**

Huijing Holdings announced par-par exchange offer for HUIJHK 12.5% 07/21/22 (o/s USD138mn) with no upfront and incentive fees.

Please see below for the key terms of exchange offer.

EXCHANGE OFFER FOR HUIJHK 12.5% 07/21/22

INCENTIVE FEE	N/A
PRINCIPAL REPAYMENT	N/A
NEW NOTES	100pt
COUPON	12.5% (unchanged)
MATURITY	Jul'23 (364 days extension)
ACCRUED INTERESTS	Paid in cash, to be accrued up to settlement date (to be on or before 18 Jul'22)
MINIMUM ACCEPTANCE LEVEL	77.8%
DEADLINE	13 Jul'22 4pm London Time

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
LG Chem Ltd	USD300	3	4.375	T+165	A3/BBB+/-
Shanghai Pudong Development Bank London	USD400	3	3.25	T+32	Baa2/-/-
Chongqing Hechuan City Construction Investment Group (Tap of CHOHEC 6 05/31/25)	USD26	Tap of 3	6	6.3	-/-/-

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Jinan Shizhong Finance Investment Group	USD	-	364D	5.8	-/-/-
Huai'An Traffic Holding Group	USD	-	3	5.8	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 49 credit bonds issued yesterday with an amount of RMB46bn. As for Month-to-date, 347 credit bonds were issued with a total amount of RMB394bn raised, representing a 2.6% yoy increase.
- **[CCAMCL]** The Partnership established by China Cinda Asset Management has obtained a favorable judgement against the Investment Company and Guangzhou Xinfuda in relation to the entrusted loan for the Goldin Properties Financing Project

- **[CIFIHG]** CIFI Holdings announces that executive director Chen Dongbiao has further purchased RMB1.74mn of “21Xuhui02” in the secondary market.
- **[CNSHAN]** Shandong Hi-Speed Company has proposed to offer RMB1bn 90-day super short-term bills on 8 Jul to repay maturing bank loans
- **[HLBCNH]** Fitch Ratings has downgraded Helenbergh China Holdings’s long-term foreign-currency issuer default rating to B- from B+, reflecting its weakening liquidity headroom and rising refinancing risks
- **[JINKE]** Jinke Smart Services announces the acquisition of ownership of 3 Nursery Properties from Jinke Property Group for RMB26.47mn as well as the acquisition of right-of-use assets of 28 Nursery properties for RMB176.53mn
- **[LMRTSP]** Fitch Ratings has downgraded Lippo Malls Indonesia Retail Trust’s long-term issuer default rating to B from B+, reflecting the expectation that LMIRT’s funds from operation (FFO) fixed-charge cover will fall to around 1.0x-1.1x in the next 12-18 months
- **[MPEL]** S&P Global Ratings placed all ratings on Melco Resorts & Entertainment Ltd.'s (MLCO) operating subsidiaries Melco Resorts (Macau) Ltd. (MRM) on CreditWatch with negative implications, based on assumption that Macao's GGR will be only 20%-30% of 2019 levels in 2022, and more importantly, mass GGR to be 50% to 70% of 2019 levels in 2023.
- **[STCITY]** S&P Global Ratings placed all ratings on Studio City (STCITY) on CreditWatch with negative implications
- **[TPHL]** Moody has downgraded Times China Holdings’s corporate family rating to Caa1 from B2 and its senior unsecured rating to Caa2 from B3
- **[TQLTHI]** Tianqi Lithium announces that it has raised around HKD13.458bn through an IPO in Hong Kong after pricing the share at HKD82 each

CMB International Securities Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

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